

PS2043.02 BUILDINGS AND FACILITIES PROJECTS CLOSURE



Program Statement

OPI: ADM
NUMBER: 2043.02
DATE: August 12, 1997
SUBJECT: Buildings and Facilities
Projects Closure

1. PURPOSE AND SCOPE. This Program Statement establishes the procedures and time frames for closing projects financed under the Buildings and Facilities (B&F) appropriation and for transferring the costs of completed projects to the capitalized asset accounts or the cost account under the current Salaries and Expense (S&E) appropriation. For those locations which do not have a Controller, all references to the Controller in this Program Statement shall refer to that employee responsible for the budget and accounting operation.

2. PROGRAM OBJECTIVES. The expected results of this program are:

- a. B&F projects will be closed efficiently.
- b. Accountability of Bureau assets will be maintained through timely capitalization of B&F Project expenditures.

3. DIRECTIVE RESCINDED

PS 2043.01 Buildings and Facilities Projects Closure
(3/5/97)

4. STANDARDS REFERENCED

- a. American Correctional Association Foundation/Core Standards for Adult Correctional Institutions: C2-4017
- b. American Correctional Association 3rd Edition Standards for Adult Correctional Institutions: 3-4032
- c. American Correctional Association Foundation/Core Standards for Adult Local Detention Facilities: 3-ALDF-1B-05
- d. American Correctional Association 3rd Edition Standards for Adult Local Detention Facilities: C2-5026

e. American Correctional Association 2nd Edition Standards for Administration of Correctional Agencies: None

5. CLOSING B&F PROJECTS. To close a B&F project, it must be reported as 100 percent complete, that is, all construction, deliveries, and/or cancellations have been completed, and no additional obligations including salaries will be incurred against the project. The Facility Manager, who is responsible for monitoring the open obligations for B&F projects, shall submit a "Request for Financial Closeout" memorandum to the Controller.

Office of Financial Management (OFM) staff shall then conduct a review of all open obligation documents and take the appropriate steps to ensure payments are processed and accounts payable amounts are liquidated. All open obligations for the project shall be cleared within 60 calendar days of receiving the "Request for Financial Closeout" memorandum.

Within five working days after the receipt of all necessary documentation and reports (100.73, Cost by Project; 100.45, Project Summary; and Request for Financial Closeout), the Controller shall submit to the Regional Comptroller a "Request to Close a B&F Project" memorandum detailing the financial status of the project. Attachment A is a sample memorandum that contains all the necessary data that should be forwarded to the Regional Comptroller when requesting to close a B&F Project.

The Comptroller shall review the financial records to verify that all obligations have been liquidated and obtain an "Allotment/Plan Revision Request" from the Regional Facilities Administrator indicating the disposition of any unobligated funds to be contra-allotted during the next allotment cycle. If there are no funds to be contra-allotted and no further action is necessary, the Comptroller shall approve the "Request to Close a B&F Project" and return it to the Controller within two weeks of receiving the Controller's request. However, if there are unobligated funds remaining to be contra-allotted, the Comptroller shall approve the "Request to Close a B&F Project" within five working days of receipt of the contra-allotment. Upon approving the "Request to Close a B&F Project," the Regional Comptroller makes the **final determination** whether to capitalize or expense the cost of the project.

Upon receipt of an approved "Request to Close a B&F Project," the Controller shall forward a copy to the Facility Manager and ensure the appropriate accounting entries described below are recorded in the accounting system within five working days after the approved request is received. The allotment transaction shall be processed in the same month the Regional Office contra-allots the unobligated balances.

The following entries must be made to Close B&F Projects:

a. Make an 04 Transaction to close the work-in-progress account for the project amount taken from the 100.73 report.

Appro.	Ref.No.	C/D	Sch.#	Dr.	Cr.	Amount
X300	000000	N	CLS***	610.6	190.0	XXX.XX
or						
X900						

(*** represents the project code)

b. Make an 11 Transaction to contra-allot the unobligated balance.

Appro.	B/A	CC	Project	Amount
X3 or X9	2 or 3	334	***	XXX.XX Cr.

c. Make an 08 Transaction to record the transfer of capitalized and non-capitalized assets (other than capitalized equipment previously transferred) to the S&E appropriation.

Appro.	B/A	CC	PMS	Proj.	S/O	Amount
__2	P	334	400	000	XXXX	XXX.XX

Listed below are the sub-objects used to record 08 transactions and general ledger accounts affected:

Sub-object Class	G/L Accounts Affected	
	Debits	Credits
3201	890.0 - 210.0	811.4 - 610.3
3202	890.0 - 211.1	811.4 - 610.3
3203	890.0 - 212.1	811.4 - 610.3
3205	890.0 - 213.1	811.4 - 610.3
3207	890.0 - 211.2	811.4 - 610.3
3208	890.0 - 212.2	811.4 - 610.3
3903	880.0	610.2

The 08 entry records the asset value and total cost of the closed project, less previously transferred amounts, to the current year S&E appropriation.

6. CAPITALIZING B&F PROJECTS WITH OPEN OBLIGATIONS. (Refer to Section 8 of this Program Statement for procedures regarding Z-projects.) If open obligations cannot be cleared within 60 calendar days of receipt of the "Request for Financial Closeout," the Controller shall submit a memorandum to the Regional Comptroller detailing the status of all remaining obligations and the actions being taken to clear them. The Comptroller shall make a determination whether to allow additional time to clear the open obligations or request the establishment of a "Claims

Resolution Project" for the remaining obligations. Obligations shall be transferred to a "Claims Resolution Project" only when there is a pending claim against a project and it is determined that an extended period of time will be required to resolve the claim.

When additional time is granted, the Regional Comptroller shall notify the Regional Facilities Administrator. The institution Controller shall update the Regional Comptroller every 30 calendar days on the status of open obligations until they are cleared.

When establishment of a "Claims Resolution Project" is requested, the Comptroller and Regional Facilities Administrator shall submit to the Chief, Facilities Management Branch, a joint memorandum detailing the circumstances surrounding the outstanding obligations, including the nature of any claims. Facilities Management staff shall review the documentation, determine if the outstanding obligations fit the criteria, and establish a "Claims Resolution Project." A separate "Claims Resolution Project" number will be established for each approved request.

Once a "Claims Resolution Project" is established, the Region shall transfer funds from the original project to the "Claims Resolution Project." The Controller shall ensure that obligations associated with the claim are transferred to the "Claims Resolution Project." Within five working days after the outstanding obligations have been transferred to the "Claims Resolution Project," the Controller shall submit to the Comptroller, a "Request to Close a B&F Project" memorandum for the original project.

Within five working days after the claims are resolved and all outstanding obligations have been cleared and all necessary documents and reports are received (100.73, Cost by Project; 100.45, Project Summary; and all other documents closing out the claims), the Controller shall submit to the Regional Comptroller a "Request to Close a B&F Project" memorandum for the "Claims Resolution Project."

Within two weeks, the Regional Comptroller shall approve or deny the "Requests to Close a B&F Project," and forward it to the Controller if there are no unobligated funds to contra-allot; otherwise, the Regional Comptroller shall approve or deny the request within five working days of receipt of the contra-allotment. Within five working days after the receipt of the approved request, the Controller shall ensure the appropriate accounting entries required to close the project and record the asset value and total cost of the project to the current year S&E appropriation are recorded in the accounting system. In

addition, the depreciation schedule must be adjusted to reflect the additional capitalized property to be depreciated over the remaining life of the property.

The Regional Comptroller is responsible for ensuring institutions are closing projects promptly and accurately. The Regional Comptroller or designee shall contact institutions that have not made the required accounting entries to close projects within the specified time frame, to ensure the approval for closure has been received by the institution, and to provide assistance in recording the accounting entries, if necessary.

7. CLOSING B&F PROJECTS IN THE ACCOUNTING SYSTEM. The Regional Comptroller, within five working days after approving the "Request to Close a B&F Project," shall prepare and forward to the Chief, Finance Branch, a "Project B&F Table File Update" (Table 12) memorandum to close the project in the accounting system. Within five working days of receiving the table file update, Finance Branch staff shall perform the necessary functions to close the project in the accounting system.

8. CLOSING B&F ACTIVATION PROJECTS. The Central Office controls B&F projects for construction of new institutions (Z-Projects). The Design and Construction Project Manager is responsible for monitoring the open obligations for Z-Projects.

The Chief, Design and Construction Branch, shall submit a memorandum to the Central Office Controller stating the project has reached final completion and the Bureau has taken possession of the facility. Within 30 calendar days of receiving the memorandum, the Central Office Controller shall submit a memorandum to the Chief, Finance Branch, requesting approval to capitalize current expenditures against the project. Finance Branch staff shall then review the financial records for the project. If no further action is necessary, the request shall be approved and returned to the Central Office Controller, who shall ensure the appropriate accounting entry is recorded in the accounting system to close the expenditures in the work-in-progress account.

The Chief, Finance Branch, shall inform the appropriate accounting station of the approval to capitalize project expenditures and provide the accounting entries necessary to record the current asset value to the current S&E appropriation. Once the project is reported as 100 percent complete, the Chief, Design and Construction Branch, shall submit a "Request for Financial Closeout" memorandum to the Central Office Controller. Upon receipt, OFM staff shall conduct a review of all open obligation documents and take the appropriate steps to ensure payments are processed and accounts payable amounts are liquidated within 60 calendar days.

After all open obligations have been liquidated, the Central Office Controller shall submit a "Request to Close a Z-Project" memorandum for concurrence and approval through the Chief, Construction Contracting, and the Chief, Facilities Resource Management.

The Chief, Finance Branch, is responsible for approving all "Requests to Close Z-Projects." Upon receiving a "Request to Close a Z-Project," containing the necessary concurrences for closure, Finance Branch staff shall review the financial records to verify that all obligations have been liquidated. If no further action is necessary, the request shall be approved and returned to the Central Office Controller.

Upon receiving the approved "Request to Close a Z-Project," the Controller shall forward a copy to the Chief, Design and Construction Branch, and ensure the appropriate accounting entries to close the project are recorded in the accounting system in the same month the approved request is received.

The Chief, Finance Branch, shall inform the appropriate accounting station of the project closure and provide the accounting entries necessary to record the additional asset value and total cost of the closed project to the current year S&E appropriation. In addition, the depreciation schedule must be adjusted to reflect the additional capitalized property to be depreciated over the remaining life of the property. Once all closing entries have been recorded in the accounting system, Finance Branch staff shall prepare a "Project B&F Table File Update" memorandum and close the project in the accounting system.

9. MULTIPLE LOCATION PROJECTS. Project codes shall be assigned to individual locations whenever possible. If it is necessary for more than one location to incur obligations against the same project code, consideration shall be given to establishing one location as the primary accounting station responsible for the project. This location shall be allotted all project funds and other locations using the project shall be required to bill the primary accounting station via the On-Line Payment and Collection System for any expenditures incurred against the project.

If it is not practical to establish a single location as the primary accounting station for a multiple location project, and operating plans are allotted to more than one location, the Regional Facilities Administrator shall be responsible for monitoring obligations against the project and for submitting the "Request for Financial Closeout" to the Regional Comptroller when the project is complete.

Upon receiving a "Request for Financial Closeout" for a multiple location project, the Comptroller shall verify that all

outstanding obligations have been liquidated and prepare a "Request to Close a B&F Project" for each accounting station using the project. The request shall detail the accounting entries required to close the project and capture the costs of the closed project in the current year S&E appropriation.

Once all required accounting entries have been entered into the accounting system, the Regional Comptroller shall prepare a "Project B&F Table File Update" memorandum to close the project in the accounting system and forward it to the Chief, Finance Branch.

10. CAPTURING NON-CAPITALIZED B&F COSTS. The B&F funding is provided for certain institution maintenance costs (i.e., utilities, training, travel) and Regional and Central Office salaries that are not associated with the construction or renovation of a particular Bureau facility. These costs must be captured, as explained below, in the S&E appropriation in effect when the obligations were incurred. Regional Facilities Administrators are responsible for monitoring obligations against these projects for their respective Regions. The Chief, Facilities Resource Management, Central Office, is responsible for monitoring salary obligations for Central Office B&F positions.

a. Expenditures for institution maintenance costs funded by the B&F appropriation shall be liquidated by the end of the first quarter of the following fiscal year. Once all obligations have been liquidated, the Regional Facilities Administrator shall submit a "Request for Financial Closeout" memorandum to the Regional Comptroller. The Regional Comptroller shall then verify that all open obligations have been liquidated and notify the Controller of each facility of the proper accounting entries to capture these costs in the S&E appropriation. In addition, the Regional Comptroller shall ensure that all unobligated balances are contra-allotted and submit a "Project B&F Table File Update" memorandum to the Chief, Finance Branch, to close the project in the accounting system.

b. Expenditures for B&F salaries shall be captured in the S&E appropriation by the end of October of the following fiscal year. The amount captured shall be the total salary expenditures for the fiscal year. Projects for B&F salaries shall remain active for multiple fiscal years, therefore a table file update to close the project in the accounting system is not required.

c. Listed below are the entries necessary to Capture Non-Capitalized B&F Costs:

(1) An 04 Transaction is required to close the work-in-progress account for the project amount:

Appro.	Ref.No.	C/D	Sch. #	Dr.	Cr.	Amount
X300	000000	N	Close	610.6	190.0	XXX.XX

(2) An 08 Transaction is required to record the transfer of non-capitalized resources procured under the Buildings and Facilities appropriation to the S&E appropriation:

Appro.	B/A	CC	PMS	Proj.	S/O	Amount
___2	P	334/339	400	000	3903	XXX.XX

\s\
Kathleen M. Hawk
Director

SAMPLE MEMORANDUM

MEMORANDUM FOR _____, REGIONAL COMPTROLLER
_____ Region

FROM: _____, Controller
Federal Correctional Institution, _____ (Location)

SUBJECT: Request to Close B&F Project ***, _____ (Project name)

Initial Allotment \$ _____

Supplemental Allotment _____

Allotments From Other Projects _____

Allotments To Other Projects _____

Total \$ _____

Net Allotment Available (from 100.45 report) _____

Total Obligations Incurred (from 100.45 report) _____

Unobligated Balance to be Contra-Allotted (from
100.45 report) _____

List and Value of Inventory not Utilized _____

Recommendation for Disposition of Inventory not Utilized _____

Entry to Close Account (amount equals total cost on 100.73
report): 04 batch

X300 610.6 Book Value—Capitalized Asset _____
190.0 Construction—Work in Progress _____

Entries to contra-allot totals from project and financial plans
(11) for B&F, establish cost and asset value in S&E (08); the 08
batch amount is the total project cost less any capitalized
equipment which was previously transferred to the S&E
appropriation.

<u>Batch</u>	<u>Appr</u>	<u>D/U</u>	<u>CC</u>	<u>PMS</u>	<u>Proj</u>	<u>Subobj</u>	<u>I/G</u>	<u>Amount</u>
08	_2	P	334	***	000	****	Y	_____
11	X3 or X9	2 or 3	334		***			_____Cr

_____, Approved
Regional Comptroller Date